

Message Text

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ORIGIN EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 NEA-14 IO-14 ISO-00

AGR-20 COME-00 TRSE-00 OMB-01 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01

SP-03 SS-20 USIA-15 SWF-02 TAR-02 STR-08 CEA-02 /211 R

DRAFTED BY EB/ICD/TRP:HFWANNING:DE

APPROVED BY EB/ORF/ICD:JJINGERSOLL

EB/ICD/TRP:TTTURQMAN

ARA/ECP:CWREYNOLDS (DRAFT)

AF/EPS:RLOMBARDI (DRAFT)

EA/EP:DWILSON (DRAFT)

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R 061901Z MAY 74

FM SECSTATE WASHDC

TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS

AMEMBASSY PRETORIA

AMEMBASSY SUVA

AMEMBASSY TAIPEI

AMEMBASSY TANANARIVE

AMEMBASSY DUBLIN

AMEMBASSY BANGKOK

AMCONSUL BELIZE

AMEMBASSY CANBERRA

AMEMBASSY MANILA

AMEMBASSY MBABANE

AMEMBASSY NEW DELHI

AMEMBASSY PORT LOUIS

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

AMEMBASSY LONDON

AMEMBASSY ROME

XMT AMEMBASSY NASSAU

AMEMBASSY MONTEVIDEO

AMEMBASSY SANTIAGO

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C O N F I D E N T I A L STATE 092672

E.O. 11652: GDS

TAGS: ETRD, EAGR

SUBJECT: SUGAR: HOUSE SUBCOMMITTEE DECISIONS ON SUGAR ACT
EXTENSION

1. SINCE CLOSE OF HOUSE AGRICULTURE COMMITTEE (HAC)
PUBLIC HEARINGS MARCH 8, AD HOC SUBCOMMITTEE HAS BEEN CON-
SIDERING AMENDMENT AND EXTENSION OF SUGAR ACT. SUB-
COMMITTEE HAS NOW REACHED AGREEMENT ON ALL ELEMENTS OF RE-
VISED LEGISLATION. AN OPEN MEETING OF FULL HAC IS
SCHEDULED FOR MAY 7 TO MARK UP BILL. THOSE ELEMENTS OF
DECISIONS OF PARTICULAR INTEREST TO FOREIGN COUNTRIES ARE,
SUBJECT TO LAST-MINUTE CHANGE, SUMMARIZED BELOW. POSTS MAY
NOT RPT NOT DISCUSS THIS INFORMATION WITH HOST GOVERNMENT
PRIOR TO 10:00 A.M. EDT MAY 7, UNLESS OTHERWISE ADVISED
BY DEPT.

2. QUOTAS: FOLLOWING TABLE GIVES QUOTAS OF FOREIGN
COUNTRIES AT CONSUMPTION ESTIMATE OF 12 MILLION SHORT TONS,
RAW VALUE UNDER SUBCOMMITTEE PROPOSAL. TOTAL AMOUNT
ASSIGNED IS 5,315,000 SHORT TONS AFTER DOMESTIC AREA
QUOTAS ASSIGNED:

(A) COUNTRIES ELIGIBLE TO RECEIVE REALLOCATION OF DEFICITS:

--	BASIC	TEMPORARY	PERCENT	
COUNTRY	QUOTA	QUOTA	TOTAL	OF TOTAL

PHILIPPINES	1,126,020	202,036	1,328,056	25.49
DOMINICAN REP	619,779	111,204	730,983	14.03
BRAZIL	597,582	107,221	704,803	13.53
MEXICO	528,438	94,815	623,253	11.96
PERU	339,782	60,965	400,747	7.69
AUSTRALIA	190,928	34,257	225,185	4.32
WEST INDIES	111,538	20,012	131,550	2.52
COSTA RICA	80,067	14,366	94,433	1.81
ECUADOR	76,850	13,789	90,639	1.74
ARGENTINA	70,901	12,721	83,622	1.61
REP OF CHINA	70,047	12,568	82,615	1.59

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INDIA	66,054	11,852	77,906	1.50
COLOMBIA	63,143	11,330	74,473	1.43
NICARAGUA	61,730	11,076	72,806	1.40
VENEZUELA	53,874	9,666	63,540	1.22
GUATEMALA	53,562	9,610	63,172	1.21
SO. AFRICA	53,407	9,582	62,989	1.21
PANAMA	52,169	9,360	61,529	1.18
EL SALVADOR	43,654	7,833	51,487	0.99

BELIZE	37,473	6,723	44,196	0.85
FIJI	36,202	6,496	42,698	0.82
MAURITIUS	35,082	6,294	41,376	0.79
SWAZILAND	24,894	4,467	29,361	0.56
THAILAND	24,233	4,348	28,581	0.55
TOTAL	4,417,409	792,591	5,210,000	100.00

(B) THE FOLLOWING COUNTRIES WOULD HOLD THE TONNAGE QUOTAS LISTED FOR THE PROPOSED FIVE-YEAR DURATION OF LEGISLATION AND WOULD NOT BE ELIGIBLE TO PARTICIPATE IN DEFICIT REALLOCATIONS OR MARKET GROWTH:

COUNTRY	QUOTA
BOLIVIA	15,000
CUBA	792,591
HAITI	15,000
HONDURAS	15,000
MALAWI	15,000
MALAGASY REPUBLIC	15,000
PARAGUAY	15,000
SOUTHERN RHODESIA	15,000

3. CUBA AND SOUTHERN RHODESIA: THE CUBAN QUOTA SET OUT IN PARA 2 (B) ABOVE WOULD REMAIN SUSPENDED AT LEAST UNTIL DIPLOMATIC RELATIONS RESTORED, AND RESTORATION THEREAFTER

WOULD BE SUBJECT TO CONGRESSIONAL VETO. UNTIL ANY RESTORATION CUBAN QUOTA WOULD BE DIVIDED PRO RATA AMONG ALL COUNTRIES LISTED IN PARA 2 (A) ABOVE AS TEMPORARY QUOTAS. FOR FIRST TIME, PHILIPPINES IS INCLUDED AMONG COUNTRIES RECEIVING TEMPORARY ALLOCATION OF SUSPENDED CUBAN QUOTA.
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SOUTHERN RHODESIAN QUOTA, WHILE LISTED IN LEGISLATION, WOULD CONTINUE TO BE SUSPENDED UNDER OTHER AUTHORITY.

4. DEFICITS: ANY QUOTA DEFICIT, WHETHER DOMESTIC OR FOREIGN, WOULD BE ALLOCATED 70 PERCENT PRO RATA TO WESTERN HEMISPHERE COUNTRIES LISTED IN PARA 2 (A) AND 30 PERCENT PRO RATA TO COUNTRIES OUTSIDE WESTERN HEMISPHERE LISTED IN PARA 2 (A). LATTER COUNTRIES, OTHER THAN PHILIPPINES, WOULD THUS SHARE IN DEFICITS FOR FIRST TIME. SINCE DOMESTIC QUOTAS WOULD BE REDUCED, DEFICITS TO BE REALLOCATED WILL BE CORRESPONDINGLY SMALLER.

5. MARKET GROWTH: UNLIKE CURRENT LEGISLATION WHICH DIVIDES GROWTH BETWEEN DOMESTIC AND FOREIGN AREAS BY FORMULA, SUBCOMMITTEE RECOMMENDATION WOULD ALLOW DOMESTIC

AREAS TO INCREASE THEIR QUOTAS ONLY IF PRODUCTION EXPANDS.
(TOTAL DOMESTIC PRODUCTION HAS BEEN LARGELY STATIC SINCE
1965.)

6. QUARTERLY QUOTAS: COUNTRIES LISTED IN PARA (2) COULD
BE SUBJECT TO QUARTERLY QUOTAS AT THE DISCRETION OF USDA.

7. CONFECTIONERY QUOTAS: THESE QUOTAS WOULD BE RETAINED
IN PRESENT FORM.

8. DIRECT CONSUMPTION SUGAR: PANAMA AND PHILIPPINES WOULD
NO LONGER BE AUTHORIZED SHIP PART OF QUOTA IN REFINED FORM.

9. COMMENT AND CAVEAT: QUOTAS LISTED ABOVE ARE ESSENTIAL-
LY BASED ON CRITERIA SET OUT IN HAC'S ANNOUNCEMENT OF
FEBRUARY 4 (STATE 26559). WITH CERTAIN EXCEPTIONS, THE
QUOTAS WOULD NOT RESULT IN MAJOR CHANGES IN TOTAL ENTITLE-
MENT OF MOST COUNTRIES TO SUPPLY US MARKET.
LEGISLATIVE PROCESS, HOWEVER, IS FAR FROM OVER, AND THERE
COULD BE MAJOR CHANGES IN FULL HAC, ON HOUSE FLOOR, OR IN
SENATE. RUSH

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